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'GIRLS GONE WILD' PLEADS GUILTY IN SEXUAL EXPLOITATION CASE

Companies, Founder to Pay \$2.1 Million in Fines and Restitution

WASHINGTON – A California company doing business under the name “Girls Gone Wild” has pleaded guilty to charges that it failed to create and maintain age and identity documents for performers in sexually explicit films that it produced and distributed, and that it failed to label its DVDs and videotapes as required by federal law, Assistant Attorney General Alice S. Fisher of the Criminal Division and U.S. Attorney Gregory R. Miller of the Northern District of Florida announced today.

Santa Monica-based Mantra Films, Inc. entered its plea agreement today before U.S. District Judge Richard Smoak at U.S. District Court in Panama City, Fla. A second related company, MRA Holdings, LLC, also entered into a deferred prosecution agreement.

Under the agreements, Joseph Francis, the founder of the two companies, agreed to plead guilty to offenses to be filed later in U.S. District Court in Los Angeles, and the companies and Francis agreed to pay fines and restitution totaling \$2.1 million.

The charges in this case are believed to be the first to be filed under a law – often referred to as Section 2257 – passed by Congress to prevent the sexual exploitation of children. The law protects against the use of minors in the production of sexually explicit material by requiring producers to create and maintain age and identity records for every performer in sexually explicit movies and other media. Producers and distributors must also label their products with the name of the custodian of the records and their location.

“This case sends an important message about the Justice Department’s commitment to protecting children from all forms of sexual exploitation,” said Assistant Attorney General Alice S. Fisher. “Today’s agreements ensure that Girls Gone Wild will comply with an important law designed to prevent the sexual exploitation of minors and puts other producers on notice that they must be in compliance as well.”

U.S. Attorney Gregory R. Miller noted, “This prosecution makes clear that those who seek to enrich themselves at the expense of our children’s innocence in violation of the laws intended to protect them will be held to answer in federal court.”

In statements filed in court today, Girls Gone Wild admitted filming performers and producing and distributing sexually explicit video materials during all of 2002 and part of 2003 while violating the record keeping and labeling laws.

Mantra Films, Inc. pleaded guilty to three counts of failing to keep the required records and seven labeling violations. Each count refers to a different film produced or distributed by Mantra. MRA Holding, LLC, entered into a deferred prosecution agreement concerning the information filed in court charging the company with 10 labeling violations. As part of that agreement, the government will dismiss the charges at the end of a three-year period if MRA Holding abides by all of its obligations under the agreement. MRA Holding's obligations include a public acknowledgment of criminal wrongdoing, cooperating with the government in future investigations, fully complying with the record keeping laws, and payment of fines and restitution.

MRA Holding also agreed that during the three-year deferral period it would employ an independent, outside monitor selected by the government and provide the monitor complete access to the books and records, production facilities and other locations required to ensure the company's compliance with federal law relating to the production of visual materials under the name Girls Gone Wild, or any other name.

Of the \$2.1 million in fines and restitution, \$1.6 million are to be paid by Mantra and MRA and \$500,000 are to be paid by Francis.

In May 2006, Attorney General Alberto R. Gonzales – pursuant to “Project Safe Childhood” – asked the Federal Bureau of Investigation to begin conducting regular inspections of records kept by producers of sexually explicit materials pursuant to Title 18, United States Code, Section 2257. Producers are required to keep records on performers to include true name and date of birth and produce these records on demand. These regulations and resulting inspections are designed to prevent producers from hiring minors as performers, and carry criminal penalties for violations.

The cases are being prosecuted by Trial Attorney Sheila Phillips of the Obscenity Prosecution Task Force of the Department of Justice, U.S. Attorney Gregory Miller, and Assistant U.S. Attorney Dixie Morrow of the Northern District of Florida. The Justice Department's Obscenity Prosecution Task Force was formed to focus on the prosecution of adult obscenity nationwide. The Task Force is directed by Brent D. Ward. Investigation of the cases was conducted by the Adult Obscenity Squad of the Federal Bureau of Investigation, which is based in Washington, D.C.

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